



Executive Summary

2019



DEPARTMENT OF
HIGHER EDUCATION &
WORKFORCE DEVELOPMENT

MISSOURI ECONOMIC & WORKFORCE REPORT

EMPLOYER SURVEY FINDINGS

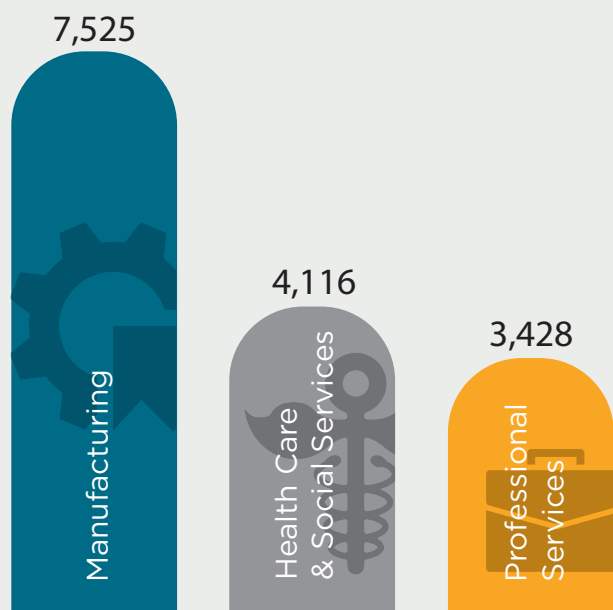
Missouri's diversified economy continues to grow in gross domestic product (+2.3%) and payroll employment (+1.0%), according to recent figures. Missouri payroll employment showed average job gains of just under 22,000 a month in the first half of 2019, based on preliminary estimates. With more detailed industry data from the year ending 2018, job growth was strongest in the sectors of Manufacturing, Health Care and Social Services, and Professional Services. Retail jobs declined over the year.

Regionally, the Ozark and Kansas City areas have seen the strongest employment growth rates in the past few years, followed by the St. Louis region. Over a five-year period these three regions grew at rates above the state average of 1.2 percent, particularly leading in Professional/Technical Services and Construction growth rates.

The state's unemployment rate, which is hovering at just over 3 percent, is lower than the U.S. level and signals a very tight labor market. New job openings data shows, that since early 2017, there have been more job openings than unemployed people in Missouri. This compares to a high point just after the recession of seven job openings per one unemployed person. As of the last quarter of 2018, there were an estimated 94,000 unemployed Missourians and 169,000 job openings in the state.

Issues with a tight labor market are seen in the 2019 employer survey conducted this summer. The survey of over 1,600 companies mirrored the mix of industries in Missouri and was also segmented by metro and non-metro firms to gain additional insights.

Missouri Top Industry Job Growth 2017-2018



SOURCE: BUREAU OF LABOR STATISTICS, QCEW

HIRING TRENDS

Companies were asked about past and future hiring trends and methods to add employees. Metro and non-metro firms had similar responses and findings include:

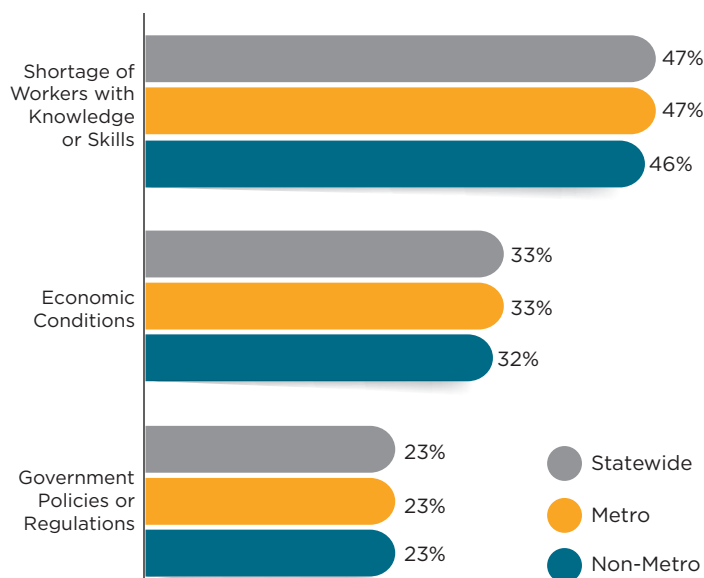
- Over the past year 32 percent of businesses increased employment, while 21 percent indicated job declines. Nearly half maintained the same number of jobs.
- Over the next year slightly more firms (33%), statewide, plan to expand employment with fewer anticipating declines (18%).
- Adding part-time employees was the top choice of companies (64%), followed by full-time workers. This may be an indicator that businesses are more cautious about hiring in the coming months.

BARRIERS TO EXPANDING EMPLOYMENT

Firms were asked if there were barriers to expanding employment and how important those barriers were. The key findings are:

- Nearly half (47%) of businesses indicated a shortage of workers with knowledge and skills as the top barrier to job expansion, followed by economic conditions (33%). Responses were nearly identical for non-metro and metro firms, with very low unemployment rates a key reason the shortage of skilled workers is seen as a major barrier.
- Non-metro firms indicated that a shortage of training programs was the most important obstacle, even though less than one in five noted it as an actual barrier.

Top Potential Barriers to Expanding Employment



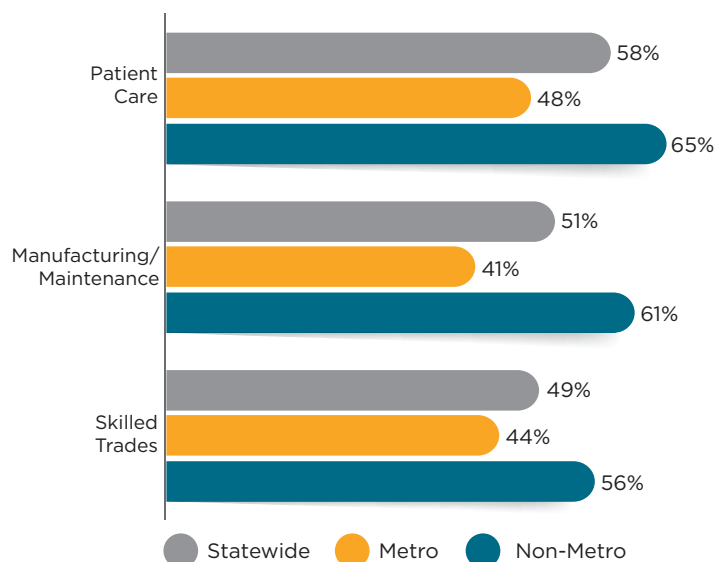
EMPLOYER SURVEY FINDINGS

ADDRESSING SKILL SHORTAGES

Twenty-eight percent of companies indicated a shortage of skilled job applicants. Firms were asked about skill levels needed to address any shortages and measures taken in response. Significant findings include:

- Just under half (45%) of firms experiencing a shortage indicated middle-skills as the top scarcity, followed by low-skill (36%) and high-skill (19%) needs. Results were similar for non-metro and metro businesses.
- Eighty-seven percent of firms said they were forced to hire less experienced workers then train them, with nearly half (49%) offering increased wages. Non-metro firms were more likely than metro firms to offer higher wages or take other measures like hiring outside the area, investing in automation, or hiring contractors.

Top Shortages of Skilled Applicants in Specified Functional Area

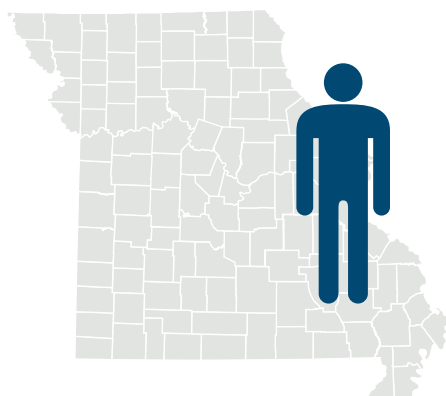
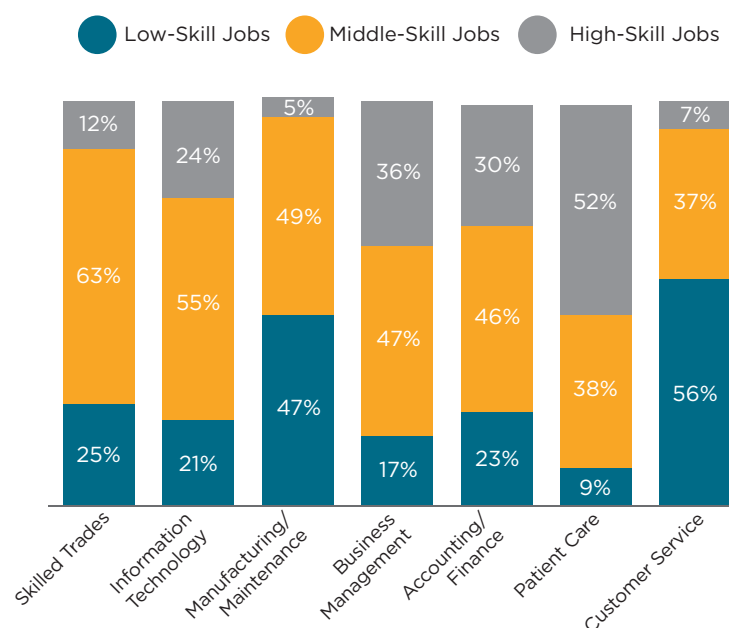


FUNCTIONAL AREA SKILL SHORTAGES

Companies employ workers in a variety of functional areas. Three out of four firms (76%) had staff in customer service, followed by just over half (52%) with business management activities. Firms were asked about shortages within seven functional areas where staff were employed. Important results include:

- Nearly half or more of businesses employing patient care (58%), manufacturing/maintenance (51%), or skilled trade (49%) positions were experiencing skilled applicant shortages. Non-metro firms indicated functional area shortages were more severe in six out of the seven activities.
- Middle-skilled jobs have the highest percentage of skilled applicant shortages in five of the seven functional areas statewide. Patient care had more shortages in high-skilled jobs whereas customer service functions had the most shortages in low-skilled positions.

Skill Level Needed to Meet Functional Skill Shortages



WITH LESS THAN **3.5%**
UNEMPLOYMENT RATE
MISSOURI'S UNEMPLOYMENT RATE IS LOWER THAN THE
U.S. LEVEL AND SIGNALS A VERY TIGHT LABOR MARKET.

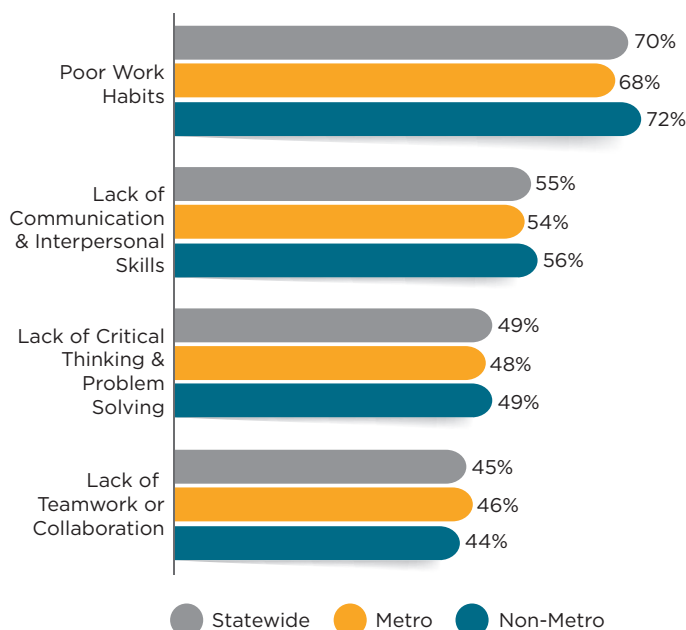
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JOB APPLICANT SHORTCOMINGS

Businesses were asked about the shortcomings of job applicants and how important the shortcomings were. Metro and non-metro firms had similar responses and the key findings include:

- Seven out of 10 employers noted poor work habits as a shortcoming, the most reported. Lack of communication (55%) and critical thinking (49%) skills were reported by around half of all businesses.
- Soft skills were the top five most reported shortcoming. Hard skills, such as basic math (33%) or computer (25%) knowledge, were some of the lower reported shortcomings.
- Companies noted poor work habits and lack of teamwork as the most important shortcomings.

Top Shortcomings of Job Applicants



OPPORTUNITIES AND HIRING CONSIDERATIONS

Businesses were asked about the availability of jobs with short-term training, which can represent an opportunity for lower-skilled job seekers to start employment. Hiring practices were also surveyed. Non-metro and metro firms had comparable responses to include:

- Forty-four percent of companies had at least half of their jobs available with short-term training, with nearly seven in 10 having at least some jobs available.
- Nearly all firms (98%) required background checks for employees, and just under six in 10 firms did drug screening before hiring some positions.
- Almost all firms (99%) would consider a job applicant with a prior felony conviction. Fifteen percent would consider the applicant for any job but others indicated some jobs were open (43%) or it would depend on the type of felony (41%).

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METRO AND NON-METRO FIRMS IN COMPARISON

The survey sought to understand how similar or different responses would be for metro and non-metro employers. The responses were remarkably alike across firms, whether it was hiring trends, barriers to expanding employment, areas of skill shortages, or job applicant shortcomings. It is clear that businesses across the state have common workforce needs, despite where they are located.

One key distinction, though, is that the severity of skilled worker shortages are felt more in non-metro firms who have smaller labor pools to draw from. This was evident as non-metro firms were more likely to have skilled applicant shortages across almost all functional areas and were more likely than metro firms to take different measures to address skill applicant shortages, such as increasing pay or hiring contractors.

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This report was prepared by the staff of the Missouri Economic Research and Information Center (MERIC) as part of the Missouri Workforce 2019 Report. All data in this report was current at the time of publication and is subject to revision. Additional details on data sources can be found in the full report.

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